

### Statement of Ron Paul on Introduction of the Freedom from Unnecessary Litigation Act

August 2, 2007

Madame Speaker, I am pleased to introduce the Freedom from Unnecessary Litigation Act. As its title suggests, this bill provides an effective means of ensuring that those harmed during medical treatment receive fair compensation while reducing the burden of costly malpractice litigation on the health care system. This bill achieves its goal by providing a tax credit for negative outcomes insurance purchased before medical treatment. The insurance will provide compensation for any negative outcomes of the medical treatment. Patients can receive this insurance without having to go through lengthy litigation and without having to give away a large portion of their award to a trial lawyer.

Relying on negative outcomes insurance instead of litigation will also reduce the costs imposed on physicians, other health care providers, and hospitals by malpractice litigation. The Freedom from Unnecessary Litigation Act also promotes effective solutions to the malpractice crisis by making malpractice awards obtained through binding, voluntary arbitration tax-free.

The malpractice crisis has contributed to the closing of a maternity ward in Philadelphia and a trauma center in Nevada. Meanwhile, earlier this year, surgeons in West Virginia walked off the job to protest increasing liability rates. These are a few of the examples of how access to quality health care is jeopardized by the epidemic of large (and medically questionable) malpractice awards, and the resulting increase in insurance rates.

As is typical of Washington, most of the proposed solutions to the malpractice problem involve unconstitutional usurpations of areas best left to the states. These solutions also ignore the root cause of the litigation crisis: the shift away from treating the doctor-patient relationship as a contractual one to viewing it as one governed by regulations imposed by insurance company functionaries, politicians, government bureaucrats, and trial lawyers. There is no reason why questions of the assessment of liability and compensation cannot be determined by a private

contractual agreement between physicians and patients. The Freedom from Unnecessary Litigation Act is designed to take a step toward resolving these problems through private contracts.

Using insurance, private contracts, and binding arbitration to resolve medical disputes benefits patients, who receive full compensation in a timelier manner than under the current system. It also benefits physicians and hospitals, which are relieved of the costs associated with litigation. Since it will not cost as much to provide full compensation to an injured patient, these bills should result in a reduction of malpractice premiums. The Freedom from Unnecessary Litigation Act benefits everybody except those trial lawyers who profit from the current system. I hope all my colleagues will help end the malpractice crises while ensuring those harmed by medical injuries receive just compensation by cosponsoring my Freedom from Unnecessary Litigation Act.